

TESTIMONY OF

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PRESIDENT

NATIONAL ASSOCIATION
OF
STATE DIRECTORS OF VETERANS AFFAIRS

BEFORE THE JOINT HEARING
OF THE
HOUSE AND SENATE VETERANS' AFFAIRS COMMITTEES

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Mr. Chairman, Committee members, as President of the National Association of State Directors of Veterans Affairs (NASDVA) I thank you for the opportunity to testify and present the views of our veterans directors in the state, commonwealths, and territories.

As the nation's second largest provider of services to veterans, state governments' role is continuing to grow. We believe it is essential for the Congress to not only understand this role but to ensure we have the resources necessary to carry out the responsibilities we have been given. Most of what we do is an extension of the VA's mission. Our efforts are a major supplement to the federal government's ability to serve our veterans.

We want to express our appreciation today for the important program in health care funding made by the Administration and the Congress. We applaud the leadership of Chairman Smith and Ranking Member Evans to build upon the administration budget and move us toward fixing our most important problem. We are also grateful that Secretary Principi and Secretary Thompson have agreed to a plan for a "VA+Choice" Medicare Plan for Priority Group 8 veterans. This is a concept we have strongly supported and believe it can become a key component for a mandatory funding structure for VA health care.

NASDVA has offered another proposal, which could add to an overall funding plan. We have asked Secretary Principi to consider a veterans' medications purchase option.

In every state we see large numbers of Priority Group 7 and 8 enrollees and some in other groups as well, who are only seeking medications and do not necessarily wish to use the VA health care system itself. A medications purchase program would separate this population from the enrollee lists and thereby reduce the clutter and backlog problem significantly. This could aid the VA greatly in moving forward to serve the population that needs and wants to use the full health care system.

We believe that reasonable charges for medications, above co-pay levels currently in place for users of the health care system could be defined. These could be set at levels that would still provide a very good benefit for veterans, yet be affordable for the VA. Such a plan might include an annual cap on the total amount paid by the veteran. It could also incorporate any future Medicare funding for medications as part of the payment.

The creation of a medications purchase program could accomplish the following:

Provide a new health care benefit to the nation's veterans without increased cost.

Clarify the VA health care enrollment issue to better identify, by category, those veterans who desire to receive care from the system.

Provide another mechanism for building a mandatory funding structure for the VA health care system, while gaining a fuller understanding of the true needs of those who seek to use it.

Enable Congress to be in a much better position to determine the proper appropriation levels required to adequately fund the higher priority users of VA health care alongside the Medicare and medications purchase users.

We recommend your serious consideration of this proposal.

An area of continuing concern to us is the funding process for approved grant application for state veterans' home construction and renovation. One of the challenges in our state budgets is to retain support for the 35% state matching funds required for each of the construction projects. Each year the VA ranks and re-ranks state projects on its priority list. Once a project is on the Priority One list, which requires a commitment of state matching funds, we don't know when it will actually be funded. We don't know from year to year how much funding will be appropriated for the program and how many projects will compete for re-ranking. This creates the dilemma of not being able to explain to state government how long we must wait and that keeps all of the state funding and engineering processes in limbo.

State government is required to commit funding up front but federal government makes no commitment to meet any funding timeline. In today's state budget environment, this is a non-starter. Once a project is placed on the Priority One list, there should be a contractual requirement for funding within a reasonable time period. Currently there are over 200 million dollars worth of projects that await funding on the Priority One list.

Many veterans with 70% or greater VA disability ratings who require nursing care prefer to reside in a state veterans' home. Under current law, the VA cannot pay the full amount for care of these veterans, only the daily state home per diem, which is approximately one-third the cost of daily care. This means that veterans in this category have to pay the remainder or accept placement in a community facility where the VA will actually pay more than the average daily cost at state homes. We understand legislative action is needed to fix this.

At Chairman Smith's request, we reported a year ago that state and local governments are spending more than three billion dollars annually in direct service to veterans. Today I must report that although we are continuing to provide these services, state budgets are facing historic deficits and we are being asked more than ever to defend our role and the state funding we require to perform it. This situation suggests it is time to take stock of the vital

functions performed by state government to address and attempt to resolve the resource shortfalls that are upon us.

We already have a precedent in place for providing annual grants to state government to fund services to veterans. The US Department of Labor does this for Veterans Employment and Training services. Yet, there are no similar grants provided to state veterans agencies to perform other benefits services and claims assistance that comprise a much larger workload than employment services. Legislation introduced last year, HR 5533, proposed population-based grants to each state for funding claims services. The VETS grant process is based upon veterans' population in each state.

One of the reasons we have strongly supported the proposed transfer of the VETS Program to the VA is to establish central management of all state veterans' grants at the proponent agency for veterans. We also need to merge veterans' services at both federal and state government into a fully integrated, seamless delivery system. Current stovepiping of veterans programs and resources prevents us from doing this. We are disappointed that the interagency transfer was not carried out.

NASDVA recommends the creation of a single population based state grant program to provide funding for veterans' employment and benefits services. State government should have the flexibility to manage the mix of effort among state agencies and contracted services with veterans' organizations or the private sector to achieve the grant performance requirements. The VA should administer this program.

We realize that a program of this kind should have a clear definition of the services to be provided and the performance measurements to determine results. I want to provide you with an update of the progress we are making towards providing these definitions. We have joined effort with the National County Veteran Service Officer Association as well as the National Veterans Service Organizations to design national standards for service officer functions, training, and credentialing. In the near future, we will share our proposals with VBA and move toward the implementation of a new, improved national system to assist veterans in developing ready to rate claims applications for disability benefits. Once we have determined the performance standards for such a system, we will address the infrastructure and resources needed to provide the service. Our goal is to agree upon a system that will provide equal access and uniform service to all veterans regardless of where they live.

With this plan we believe we will be able to state the case of need for grant resources to the states to provide quality claims assistance to all veterans. The VA cannot accomplish this. It will take the combined effort of all the service organizations working closely with state and county government.

One of the state veterans' functions experiencing significant growth is memorial affairs. Dozens of new cemetery projects are underway or completed to fill the gaps in areas outside National Cemetery coverage. We want to re-state our previous recommendation to increase the plot or interment allowance to state cemeteries for all veterans, including peacetime, to \$500.00.

In conclusion, the National Association of State Directors of Veterans Affairs appreciates the opportunity to provide this Joint Committee with our recommendations. Representative Smith, Senator Specter, we respect the important work that you are doing to improve support to veterans who answered the call to serve in the past and all of those standing in harms way today. State government remains dedicated to doing its part, yet we urge you to be mindful of the increasing financial challenges that continue to affect us.